

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1313 - SB 1940**

March 28, 2011

**SUMMARY OF BILL:** Authorizes a Group 1 member of the Tennessee Consolidated Retirement System (TCRS), who became an Attorney General for the first time on July 1, 1976, to transfer any service previously established as an Attorney General, as a member of the constitutional convention, or for military service, from Group 1 service to Group 3 service, when certain conditions are timely met.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$21,200**

**Increase Federal Expenditures - \$7,100**

**Other Fiscal Impact – The total additional lump sum pension liability to the Tennessee Consolidated Retirement System is estimated to be \$288,100.**

**Assumptions:**

- TCRS provides retirement benefits for retired state employees, retired teachers, and retired local government employees.
- Based on information provided by TCRS, this bill will increase the lump sum pension liability of TCRS by approximately \$288,100. TCRS indicates this estimate is relative to one state employee.
- Pursuant to Tenn. Code Ann. § 3-9-103(b), TCRS utilizes a 20-year horizon for estimating annual amortized payments of pension benefits.
- Pursuant to Tenn. Code Ann. § 8-34-505, TCRS utilizes a 7.5 percent interest rate for estimating annual amortized payments of pension benefits.
- Assuming a 20-year horizon, a 7.5 percent interest rate, and an increased lump sum liability of \$288,100 relative to state employees, the annual amortized payments will total \$28,260 per year.
- Retirement benefits for retired state employees are funded 75 percent with state funds and 25 percent with federal funds. Therefore, a recurring increase in state expenditures of \$21,195 ( $\$28,260 \times 75\%$ ); and a recurring increase in federal expenditures of \$7,065 ( $\$28,260 \times 25\%$ ).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc